

SECTION 257: PRIORITY PAYROLL1. General.

- (a) Definition. The priority payroll procedure is a procedure within the State's payroll system for a voucher payment to an employee based on compensation which has been earned by him as of the end of the preceding regular payday and which is fully approved for payment to him on the succeeding payday, but for which the employing agency had determined that the employee's personal circumstances justify payment on a priority basis before the succeeding payday. Technically, the voucher payment is not a payroll payment, but is a loan on account of compensation already earned, to be repaid by the employee.
- (b) Description. The policy and procedure have been designed to result in prompt payment to the employee and in accurate payroll accounting. In general, the payment is initially made by utilizing the daily warrant production system. Subsequently, the amount paid is deducted from the next scheduled gross pay. The deducted amount is then used to reimburse the account initially charged.
- (c) Avoiding Overuse. Most requests for priority payroll can be avoided by adequate planning, sufficient advance notice for including a new employee on the regular payroll, or careful preparation of regular payrolls.

2. Responsibilities of Employing Agencies.

- (a) The priority payroll process is for a special purpose and not for routine use.
- (b) Central Payroll will promptly process priority pay as requested by the departments and agencies. In order for this process to work, however, the departments and agencies are expected to:
 - (1) Review each request and determine if priority is justified.
 - (2) Determine the net amount of compensation on account of which priority payroll payment is to be made, and the amount of the payment itself.
 - (3) Call Central Payroll to verify that all active deductions for the employee have been taken in computing the net amount of compensation, if priority payment is being made to an employee who is terminated.

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- (4) Correctly fill-out and process the necessary forms in requesting the initial payment and in making necessary adjustments to the payroll records.
- (5) Clear priority pay adjustments within the same payroll period in which the initial payment was made, or in the immediately succeeding payroll period. This is particularly crucial at the end of a calendar year.
- (6) Recover overpayment from the employee, if any erroneously occurs.

3. Forms.

(a) The forms used under the priority payroll process are as follows:

- (1) NOTIFICATION FOR PAYROLL ADJUSTMENT, SAFORM D-70. This form is used for computation and audit purposes only. The form is not computer processed.
- (2) SALARY ASSIGNMENT/CANCELLATION, SAFORM D-60. This form is used to deduct the priority payroll payment (as reflected on the SWV), from the employee's subsequent gross payroll and assign the amount to the Director of Finance, State of Hawaii.
- (3) SUMMARY WARRANT VOUCHER (SWV). This form is used for submitting the claim and producing the related priority warrant to the employee under the daily warrant production system. The amount entered on the SWV is the computed amount of net pay rounded down to the nearest \$5.00.
- (4) PAYROLL CHANGE SCHEDULE or other appropriate gross pay form. The forms are used to report the current payroll in the regular payroll cycle.
- (5) INDIVIDUAL TIME SHEET, SAFORM D-55. The form (copy) is used for audit purpose only and is attached to the SAFORM D-70, if the employee is required to report regular or premium pay hours on time sheets for payment purposes. (The original form is sent to Central Payroll with the PAYROLL CHANGE SCHEDULE in the regular payroll cycle.) The form is not computer processed.

(b) For samples of the payroll forms and related instructions, refer to Part 700, Appendix.

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4. Departmental Procedure. If, in the judgment of the employing department, an employee must be paid immediately, the preparation, review, and routing of the forms are as follows:
- (a) The SAFORM D-70, SAFORM D-60, and SWV are immediately prepared and routed, as required by departments, to the appropriate office for review and approval.
 - (1) The SAFORM D-70 is signed by the department head or his designated representative to indicate departmental approval of the request for priority payroll.
 - (2) The name of the designated representative(s) of the department for this purpose must be provided in writing to Central Payroll for verification of the authenticity of the authorization, including a facsimile signature.
 - (b) When all signatures and approvals within the employing agency have been obtained, the forms are assembled, red-tagged, and submitted to Central Payroll with a note, "ATTENTION: Central Payroll", for pre-audit.
 - (1) The forms are submitted to Central Payroll in accordance with the generally prescribed distribution of the form.
 - (2) The forms must be in Central Payroll by 12:00 noon in order to have the related State of Hawaii WARRANT ready for the employee the following morning.
 - (c) The PAYROLL CHANGE SCHEDULE or other gross pay form is prepared and submitted to Central Payroll in the regular payroll cycle to report the payments for the current payroll period.
 - (d) Upon receipt of the PAYROLL ASSIGNMENT REGISTER and the related State of Hawaii WARRANT, the WARRANT is deposited to the account charged on the SWV by preparing the TREASURY DEPOSIT RECEIPT, SAFORM B-13 to clear the account of the original charge.
5. Central Payroll Procedure.
- (a) The forms from the employing department or agency are received daily for pre-audit.

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- (1) The submitted forms are pre-audited, including verification against the personnel authorizations where such approval is required for payroll payment.
 - (2) Incorrect submittals are promptly returned to the originating department or agency for corrective action.
 - (3) The SAFORM D-70 is signed by the payroll supervisor to indicate approval, internal to DAGS Accounting Division, of the request for priority payroll.
 - (4) Copy #3 of the SAFORM D-70, among other evidential documents, is attached to the SWV to support the request for payment.
- (b) Upon approval, the SWV is processed further under a red tag priority, so that timely payment to the employee will result.
- (1) If the SWV is subsequently rejected, for some reason, by the Pre-Audit Branch Claims supervisor or the Uniform Accounting and Reporting Branch, it is returned to Central Payroll for follow-up action.
 - (2) The SWV rejected is normally sent back to the originating department or agency for follow-up action.
- (c) The approved SAFORM D-60 is submitted for regular payroll processing through the payroll system to deduct the priority payment from the employee's gross payroll and assign the amount to the Director of Finance, State of Hawaii.
- (1) The SAFORM D-60 is submitted in either the first half or second half payroll period, so that the gross pay and deduction occur in the same payroll period, or the immediately succeeding payroll period if submittal is not possible in time for deduction to occur in the same payroll period.
 - (2) The type of assignment code entered on the form is "PP" to indicate priority payroll deduction.

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- (d) The priority payroll deduction is controlled by checking the PAYROLL ASSIGNMENT REGISTER against the SAFORM D-70 control file at the end of each payroll period, before payday, to assure that recovery of every priority payroll payment has been made.
- 6. Special Instructions for Recovery of Overpayments. As a general rule, the gross pay and the deduction of the priority payroll payment should occur in the same payroll period. Prescribed below is the procedure for the recovery of overpayment under the priority payroll process when gross pay is insufficient for full deduction of the priority payroll.
 - (a) The employing department or agency will obtain the refund directly from the employee.
 - (b) The employee's personal check or other payment document is deposited to the account charged on the SWV by preparing the TREASURY DEPOSIT RECEIPT, SAFORM B-13.
 - (c) A copy of the SAFORM B-13, acknowledged by Finance Division, Department of Budget and Finance, is submitted to Central Payroll to update the SAFORM D-70 control file on priority payroll.

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